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18 April 1957

CURRENT INTELLIGENCE WEEKLY SUMMARY



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PART I

OF IMMEDIATE INTEREST

MIDDLE EAST DEVELOPMENTS

Jordan

For the present King Hussain has gained the initiative in the two-week-old Jordan crisis by calling Bedouin fighting units of the army into action. With their help he forestalled an attempt by former army chief of staff Nuwar to move against him last week end, and has now obtained a "national cabinet," under the premiership of a relatively conservative nationalist, Dr. Hussain Khalidi.

The new cabinet consists mostly of independents who represent old-line interests. The king probably regards this cabinet as a stopgap, to be replaced shortly with a more effective conservative group once he has consolidated his control over the army. West Jordan, the country's most populous region and center of anti-Western, left-wing attitudes, has several representatives in the cabinet, including the prime minister.

Although the previous premier, Nabulsi, is a member of the new cabinet as minister of foreign affairs and communications, the king has apparently succeeded in breaking up the coalition of four left-wing political parties which dominated the Nabulsi cabinet and the legislature. Nabulsi appears to have lost support of the ultranationalist Baath, which is probably Jordan's most effective party, and also lacks full support from his own National Socialists. The key cabinet posts of defense and

interior, moreover, are held by relatively moderate nationalists.

The army remains the locus of power in Jordan, and the king's most important task is to gain and hold complete control over it. Most of the king's army supporters are Bedouins of East Jordan, who form the heart of the combat units of the 25,000-man Jordanian army. Strong nationalist elements remain, however, who resent the king's use of the militant Bedouin minority in an attempt to dominate the army and the country.

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Major General Hiyari, a moderate nationalist and an experienced and relatively nonpolitical officer, now commands the army. The police are under the general control of the army.

King Hussain must now also attempt to win and hold the support of a turbulent population, the majority of which supports Nabulsi's brand of anti-Western nationalism and favors federation with Syria and Egypt. Although the decisive action has taken place in and around Amman, the reaction of West Jordan's dominant population of anti-Western and antimонаrchical Palestinian

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Arabs has not yet found expression.

The West Jordanians, including up to 18,000 national guardsmen, are believed to be plentifully supplied with arms. The king has moved to assert his authority in West Jordan, and only minor demonstrations have been reported since 15 April following orders to military and police commanders to prevent demonstrations.

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Nasr continues to listen to Western suggestions for changes in Egypt's draft declaration on the Suez Canal without putting forth any new ideas himself.

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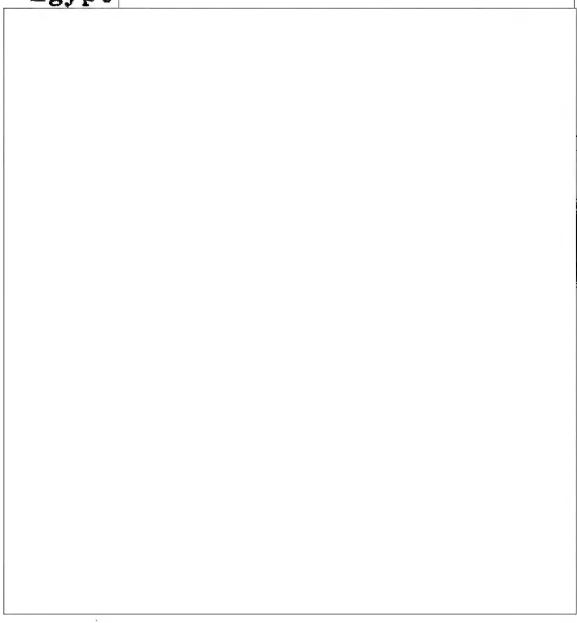
He is now probably playing for time, relying on mounting pressure from Western shipping interests on their governments to permit transit of the canal on Egypt's terms.

Meanwhile ships of some Western European countries are already transiting the canal, and the British are evidently resigned to using the canal on Nasr's terms for the present. However, London favors immediate consideration of the problem by the UN Security Council in the hope that it will suggest further negotiations and will issue a statement that the interim arrangements do not prejudice future legal rights.

However, Foreign Secretary Lloyd has said that if Egypt could be persuaded to publish the declaration modified according to Western views, Britain might accept this as a

Egypt

The Egyptian radio and press have interpreted the formation of the Khalidi cabinet in Jordan as a victory for Egypt

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de facto basis for using the canal and not seeking a council meeting.

Hussain's request to stand by to assist him, and nearly 4,000 troops are being moved to pumping station H-3 near the Jordan frontier. A full division, including tanks, may be sent next week. The Iraqis have also consulted with King Saud.

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The Saudis have supported Hussain. According to press and other reports, King Saud has placed the 3,000 Saudi troops in Jordan at Hussain's command.

Israel

The Israelis appear to have maintained a posture of watchful waiting over developments in Jordan. Reconnaissance by the American military attachés has revealed no unusual Israeli military activity, and a lull in even normal operations is reported to have occurred in connection with the Passover holidays.

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Israeli spokesmen, in fact, have told the press they attributed a spate of Jordan border incidents on the night of 16-17 April to an attempt by Syria and Egypt to provoke Israel into hostilities with Jordan.

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Iraq and Saudi Arabia

Iraq's reaction to developments has been cautious. The Iraqi cabinet has agreed [redacted] to King [redacted]

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GREEK-TURKISH RELATIONS AT BREAKING POINT OVER CYPRUS

Greek-Turkish relations are now at their most critical juncture since the anti-Greek riots in Turkey in September 1955. Ankara evidently believes London is weakening on the Cyprus issue, despite recent British assurances to the contrary, and the Turks are consequently assuming the lead in opposing Athens' policy of support for Greek-Cypriot proponents of the union of Cyprus with Greece. Recent Turkish moves suggest the possibility of new anti-Greek violence in Turkey, which could result in the severing of Greek-Turkish diplomatic relations.

American officials in Ankara expect Turkey soon will make some dramatic move in response to the elaborate reception of Archbishop Makarios in Athens on 17 April. The secretary general of the Turkish Foreign Ministry read a sharply worded note to the Greek chargé on 14 April charging Greece with a "hostile attitude" toward Turkey and warning Athens against "ostentatious manifestations" in connection with Makarios' arrival. The demarche included a warning that Turkey reserved the right to determine its future course "in accordance with the exigencies of the situation" and Greece would be responsible for "all that might occur."

The same official told the American chargé on 15 April that the Turkish people would be permitted to "let off steam" in a "carefully controlled reaction which would not be allowed to get out of hand." In addition, recent official Turkish statements and press attacks on the Greek community and patriarchate in Istanbul suggest that Ankara contemplates some further anti-Greek move, possibly a new capital levy aimed at driving the Greeks from Istanbul or the outright

expulsion of the Greek community with or without the patriarchate itself.

Athens rejected the Turkish demarche, which Prime Minister Karamanlis characterized as "insolent and unbearable." Foreign Minister Averoff believes the Turkish demarche was Ankara's answer to an earlier Greek request for assurances regarding the security of the Istanbul Greeks in view of rumors that new disturbances were imminent. Karamanlis told Ambassador Allen on 15 April that he would have to break diplomatic relations with Turkey and order mobilization if the Turks again used violence against Greeks in Istanbul.

However, the American army attaché in Athens reported on 16 April that Greek military authorities were not "unduly concerned" over possible Turkish reactions and were "vigilant and calm."

In his first statement on reaching Athens, Makarios pledged to continue the struggle for "self-determination" and praised those EOKA members who had died fighting the British. The Greek government, however, hopes to moderate Makarios' attitude.

The president of the Greek parliament told the American embassy on 16 April that the Greek government is "fairly confident" it can get Makarios "under control" in the next few days, provided there are no further provocative statements or acts on the part of Turkey. He added that the government would publicly oppose Makarios if the archbishop refuses to adopt a moderate position, but this assurance is probably intended to gain time while Athens seeks to ward off dangerous developments.

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PART II

NOTES AND COMMENTS

SOVIET TACTICS AT THE LONDON DISARMAMENT MEETING

At the end of the first month of the UN Disarmament Sub-committee's current session, Western delegates are optimistic that the USSR is preparing the ground to offer a limited agreement. The Soviet delegate, however, is continuing to insist on a ban on nuclear weapons tests as a key element of such an agreement.

Soviet delegate Zorin has taken pains to convince the Western representatives that the USSR is serious in its efforts, and the top-ranking British and French delegates believe Moscow is "keen for some sort of agreement." Zorin has avoided the usual polemics and propaganda and stressed the importance of finding "points of contact" between the Soviet and American positions.

Zorin told the American delegate on 11 April that after the subcommittee has completed discussion of the remaining four points of the seven-point agenda, the Soviet delegation would be ready to consider drafting provisions for a limited agreement. In private talks with the American and French delegates last week, Zorin outlined the USSR's concept of the main elements to be included. He informed the American delegate on 11 April that the Soviet 18 March proposal for the elimination of all nuclear weapons is "separable" from other proposals and not essential for a limited agreement on the reduction and control of armaments.

Zorin also said the USSR is ready to agree to include a limited aerial inspection plan but warned it would not accept aerial inspection of the entire

USSR prior to initiation of a general system of armaments reduction and control. He insisted the United States must agree to make a general aerial inspection a "separable" part of its plan if there is to be a limited agreement.

Zorin told French delegate Moch on 13 April that because of American objections, a limited agreement would not have to include elimination of nuclear weapons and all foreign bases. At the same time he stressed to the British and French delegates the importance of troop reductions in Germany.

Zorin, however, made it clear in his talk with the American delegate that the USSR considers a moratorium or cessation of nuclear tests to be an essential part of a limited agreement, although it need not be in the precise form proposed by the Soviet Union. This insistence on a test ban was also evident in Zorin's criticisms of the American plan on nuclear arms control.

He attacked the US proposal to end nuclear weapons production in 1958 on the ground that it would not eliminate such weapons and would leave open the possibility of producing more weapons from existing nuclear stockpiles even after the plan went into effect. He argued that the American plan would neither ensure a reversal of the present nuclear trend nor end the armaments race.

The Soviet delegate assured the American representative on 12 April that the US proposals were being given serious consideration in Moscow, and that

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if he did not have Moscow's answer before the Easter recess, he would have it immediately thereafter. The USSR's reply will probably recall that the Soviet 18 March plan provided for halting the manufacture of nuclear weapons in 1959 in re-

sponse to American views but contend that a test ban is a necessary first step toward a general agreement on the control, reduction and eventual elimination of such weapons.

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THE POLITICAL SITUATION IN PAKISTAN

The position of Pakistan's President Mirza and Prime Minister Suhrawardy has been strengthened by the National Assembly's approval on 16 April of a motion to extend President's Rule in West Pakistan until 20 September. Prime Minister Suhrawardy was supported by a vote of 44 to 23 with four abstentions. On 13 April the assembly had passed a resolution approving the government's promulgation of direct rule four weeks ago.

members, particularly those representing the Awami League, now in power in East Pakistan, will probably be reluctant to enhance the president's power to dissolve provincial assemblies.

Because of the irreconcilability of the Republican Party and Moslem League leaders in West Pakistan, Suhrawardy and President Mirza reportedly have given up their attempts to negotiate a national coalition which would have brought the Moslem League into both national and provincial governments. Efforts are being directed instead toward amalgamating the two parties which now form the central government coalition, the Republican Party sponsored by Mirza and Suhrawardy's Awami League.

These defensive measures are apparently designed to offset Suhrawardy's weakened position in East Pakistan, where the East Pakistan Awami League has still not acted on pro-Communist Maulana Bhashani's offer to resign as president. As long as the prime minister is unable to gain the upper hand over the rival Bhashani forces in his party, his position as national leader will remain insecure.

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Dissolution of the West Pakistan assembly may require a constitutional amendment, and Suhrawardy will probably find it difficult to obtain the necessary two-thirds majority vote when the motion comes before the National Assembly. Many

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INDIA RELAXES RESTRICTIONS ON PRIVATE FOREIGN INVESTORS

The Indian government is relaxing its earlier restrictions on private foreign investment because of India's growing foreign exchange crisis. Several foreign firms have already taken advantage of the improved terms and plan to establish factories in India; other firms are negotiating with the Indian government.

The secretary of the Ministry of Heavy Industries announced on 23 January that imports of capital goods generally will not be licensed unless they are financed in such a way as to avoid the expenditure of foreign exchange, and suggested that importers should try to secure foreign capital investment at least equal in value to the cost of the imported equipment. The American embassy doubts that such a policy statement could have been made until recently, and considers it a significant indication of New Delhi's desire for foreign private investment.

This change in attitude has already been reflected in India's action on specific matters affecting foreign investors.

Several foreign firms have been given permission to hold the majority interest in factories they plan to establish, whereas in the past new firms generally had to be controlled by Indian nationals. Indian officials have also indicated a willingness to allow foreign companies to establish an aluminum factory and a shipyard, despite their earlier intention to have these undertakings run by the government.

Several foreign firms have already agreed to establish factories in India since the inauguration of this new policy. These include manufacturers of pharmaceuticals, carbon black, chemicals, and machinery; in addition, firms engaged in the production of rubber products, starch, cement machinery, aluminum, and petroleum refining are negotiating about setting up or expanding plants. India apparently is encouraged by the response to its new policy, and is likely to take further steps to attract other foreign investors.

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PATHET LAO STEPS UP MILITARY ACTIVITY

The Pathet Lao has recently intensified military activity in Sam Neua and Phong Saly Provinces. Two Pathet attacks launched between 8 and 11 April have been described as the heaviest in recent months. In the face of this pressure, the Laotian army reportedly has abandoned three outposts, and the fate of a fourth is in doubt. Canadian members of the International Control Commission fear

general hostilities may break out as a result of such skirmishing.

The Pathets reportedly have been strengthened by the re-entry into Laos of some of the Viet Minh cadres and heavy weapons withdrawn in 1956. Pathet Lao strength in Sam Neua and Phong Saly Provinces is estimated at 4,500 and 1,800 respectively.

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Negotiations which had stalled in March when the government refused to accede to the Pathet demand that Laos request economic aid from Communist China were resumed on 6 April. At that time the negotiating commission issued a

communiqué reaffirming all previous agreements concerning neutrality, a coalition government, special elections and a cease-fire. The Pathets are now pressing for more concessions without offering any quid pro quo.

It seems unlikely that the Pathets intend to launch all-out attacks while the prospect of a political settlement remains open, and their aggressive tactics apparently are designed to strengthen their position in the negotiations in Vientiane. Pathet attacks, however, may provoke government retaliation on such a scale that general hostilities could develop eventually.

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THE NEW CAMBODIAN GOVERNMENT

Prospects for an improvement in Cambodia's political stability remain poor, despite Premier Sihanouk's confidence that his latest government will inject new life into the faltering administrative machinery. Sihanouk has announced an "action plan" to revive the national economy and to combat other problems--such as foreign subversion--which had increasingly plagued the preceding seven Sangkum governments. Given Sihanouk's preference for ruling "from the wings," however, he is likely to relinquish open command after only a limited period of superficial reforms, and political inertia will return.

Sihanouk's new cabinet--his fourth since the general elections of September 1955--is not strong. Its members are generally more conspicuous for their devotion to Sihanouk than for their professional compe-

tence. The cabinet appears especially ill-suited to carry out Sihanouk's proposal to overhaul Cambodia's trade and monetary policies.

Serious discontent in the National Assembly over the scarcity of essential imports and a general low volume of business because of the government's stringent trade regulations and tight-money policies figured prominently in the overthrow of the previous San Yun cabinet on 27 March. It is feared that to placate the assembly, Sihanouk may overliberalize Cambodia's financial policies, thus encouraging venality and undermining the national economy over the long run.

Sihanouk and most other Cambodian leaders still appear wedded to the concept of neutrality in international affairs; Sihanouk has lately indicated, however, a growing

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awareness of the seriousness of Communist subversion internally. Henceforth he is likely to be less tolerant of local Communist and local activities of bloc representatives in carrying out his intention to keep Cambodia from becoming a "wrestling mat" in the East-West struggle. Whether Cambodia's

internal security can be restored without recourse to more stringent measures is problematical. A recent Hanoi broadcast warned of the danger occasioned by Cambodia's political instability, and blamed the frequent cabinet crises on the "maneuvers of those who want to sabotage the neutralist policy of Cambodia." 25X1

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POLISH PREMIER'S FAR EAST TRIP

The current trip of Premier Cyrankiewicz to South Asia and the Far East was primarily intended to bolster Poland's independent position within the bloc and incidentally to further its economic interest.

The Polish premier's visit in Communist China was clearly the high point of his Asian tour. The treatment Peiping accorded Cyrankiewicz and his delegation was even more cordial than that given the Czechs a month earlier. Chou En-lai, Vice Premier Ho Lung, and politburo member Peng Chen were on hand to greet the visitors. At the banquet given in honor of the Poles, Mao Tse-tung himself welcomed the delegation and said: "There is deep friendship between China and Poland. My wish is that everything in Poland should go well, that the solidarity of the socialist countries should become still stronger, and that the friendship between our two countries should grow from day to day."

The joint communiqué issued on 11 April was a Chinese Communist endorsement of the Gomulka regime and its moderate course. The statement recorded Peiping's gratification with Polish Communist Party achievements since last October, applauded Gomulka's leadership and expressed confidence that

the Poles will make "increasingly important contributions" to strengthening the "great family of socialist countries."

In North Vietnam, the government underscored Poland's support for its program. In deference to Polish sensitivities, the joint Vietnamese-Polish communiqué, in reviewing the international situation, avoided comment on the "counter-revolutionary" nature of the Hungarian revolution and Soviet intervention. The joint communiqué issued by the Poles and North Korean Communists also followed the pattern set in Hanoi and Peiping in acceding to Polish views on inter-bloc relations. All three communiqués failed to mention the leading position of the Soviet Union in the bloc.



CYRANKIEWICZ

In India, where in contrast to Khrushchev and Bulganin he made an excellent impression, Cyrankiewicz played on the leaders' hope that Poland as a "socialist state," is evolving peacefully toward genuine independence from Soviet hegemony. Appealing to neutralist and nationalist elements, he claimed that Poland supported Soviet policies only to protect its

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national interests, principally continued possession of the Oder-Neisse territories. He reinforced the Indian belief, according to the American embassy in New Delhi, that Polish ex-

perience demonstrated that Communist bloc relationships can be successfully liberalized, and he endorsed India's claims to Kashmir and Goa.

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AUSTRIA AND THE MIKOYAN VISIT

Soviet deputy premier and economic expert Anastas Mikoyan is scheduled to arrive in Vienna on 23 April for a five-day visit. The Austrians hope that the Russians will reduce the reparations burden. At the same time, they fear Mikoyan will charge that Austria has been behaving in a manner incompatible with its neutral status under the treaty of 1955.

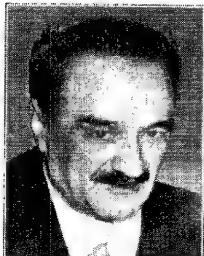
Austrian officials have for some time been hoping for a reduction in the large reparations due the USSR under the 1955 treaty. The deliveries that particularly hurt are the 1,000,000 tons of oil a year, because Austrian oil output is declining markedly and reserves are now estimated at only 58,000,-000 tons instead of 80,000,000. Should Chancellor Raab obtain some alleviation of the burden, he might improve the prospects of the People's Party candidate in the 5 May presidential election. With this in view, Raab is probably prepared to give careful consideration to any trade proposals Mikoyan may make.

Mikoyan's attitude may have been forecast by an Izvestia article of 13 April, which called on Austria to observe "honest neutrality" regarding "all questions that might have

even an indirect effect" on Austria's treaty status. Austrians repeatedly emphasize that their neutrality has nothing to do with political attitudes, but extends only to military matters. In the latter realm, Austrian defense minister Graf announced on 12 April that Austrian officers would be sent to both NATO and Soviet bloc countries for training.

Some Austrian officials believe Austria has in fact been needlessly provoking Moscow. Austria made no secret of its anti-Soviet feeling last fall when it held open its border to Hungarian refugees and gave them all possible aid. This February, the government banned the World Peace Council secretariat, an action which the Communists are contesting in Austrian courts. More recently-34 Austrian gendarmes--one of whom had killed a Soviet soldier--were honored for devotion to duty during the Hungarian uprising. Apparently on information supplied by strongly anti-Soviet Interior Minister Helmer, a Socialist newspaper reporting the ceremony built its entire story around this case.

Despite their belief that they have not violated the neutrality required of them in the 1955 treaty, the Austrians have recently revealed an unusual sensitivity to Moscow's view of their behavior. This has been the result of such diverse



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factors as a psychological let-down following their courageous stand during the Hungarian revolt; a stiffer Soviet attitude revealed in the tightening of security measures along the

Hungarian frontier; and a feeling of being left alone while the Western powers are recasting their armed forces and proceeding with economic integration.

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WEST GERMAN-SOVIET RELATIONS AND THE REPATRIATION QUESTION

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The USSR has been trying to convince Germans of all political persuasions that it would make concessions leading to reunification if Bonn withdrew from NATO and adopted a policy of neutrality.

Repatriation talks began in Moscow last February between Soviet Red Cross chief Miterev and Heinrich Weitz, head of the West German Red Cross, and are expected to resume in Bonn next month. The main obstacle to an agreement is the Soviet claim to the right to determine the nationality of the 75,000-100,000 Germans believed to be held in the USSR. Moscow maintains that all German citizens have been repatriated and those remaining have taken Soviet citizenship and do not qualify. Bonn insists that the Germans still in the USSR were removed from Germany after the war, and are being denied the right to contact the German embassy in Moscow.

Miterev told Weitz during the February talks that faster progress on the repatriation question could be made if a German-Soviet consular agreement were reached, and that

conclusion of a trade agreement would lead Moscow to take a more lenient interpretation on the nationality question. Moscow also wants the return of an estimated 15,000 Russians in the Federal Republic. Bonn holds that all refugees wishing to return to the USSR have done so, but agrees to their having another opportunity to signify their desires before a mixed German-Soviet Red Cross team, probably this summer.

In general, however, Moscow seems much less interested in the repatriation problem than in the broader talks on German-Soviet relations which are expected to start in Moscow next month. The Russians apparently hope that these talks and their overtures to Bonn will raise issues in West Germany that will bolster neutralist strength in the September election.

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SOVIET BALTIC REGIMES ADOPT PUNITIVE MEASURES AGAINST YOUTH

Passive resistance throughout the Baltic republics of the USSR is reported to have increased in the months since the Hungarian revolution, and a number of students have been arrested in Lithuania for staging anti-Russian demonstrations. Latvia and Estonia have adopted repressive legislation, aimed primarily at "antisocial and parasitical" elements among the youth, providing for imprisonment and exile of persons who refuse to engage in socially useful work.

Both party and government officials in the Baltic states have evinced increasing concern over the political unreliability and the dissatisfaction of youth since the events in Hungary last November. Up to now, however, the Latvian and Estonian parties had relied on tightened party discipline and increased ideological and mass educational work to overcome dissidence. Both have now passed laws which will remove idle youth from the cities and help prevent the formation of dissident groups.

In late February, the Latvian Supreme Soviet decreed that persons who had been unemployed for three months must leave the cities of Riga and Liepaya within ten days or go to jail for periods of one to three years. The law specifically excludes legitimate dependents. A similar but sterner decree was published for "discussion" in Estonia last week. With no provision for a grace period, it calls for deportation of unemployed persons to the countryside for periods of two to five years, with "compulsory work" at the place of exile.

Offenders are faced with the alternative of finding immediate employment in industry or of working in agriculture, a choice Baltic youths have generally avoided. Living conditions on Baltic collective farms are reputed among the worst in the Soviet Union.

Lithuania has no similar legislation, but a crackdown on

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Russian demonstrations of November and December, students at Kaunas and Vilnius Universities were arrested for "petty hooliganism," a crime punishable by jail sentence.

Further repressive measures may be forthcoming in the Baltic area. The secret police and militia have become generally more active than they were in the months prior to the Hungarian revolt. The first arrests of persons who made anti-Soviet statements were reported late last month and the decision to bring legal action against those guilty of such "counterrevolutionary propaganda" is probably being enforced throughout the USSR. 25X1

students has already gone into effect. Following the anti-

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SOVIET-MOROCCAN TRADE TALKS

A Soviet trade delegation is in Rabat at the invitation of Moroccan minister of economy Bouabid to conclude talks begun between representatives of the two governments in Paris.

Although Morocco is seeking to build up its export trade in order to eliminate a trade deficit, which from January through September 1956 amounted to \$80,000,000 of a total volume of \$583,000,000, the negligible trade conducted with the Soviet

Union does not appear to warrant Bouabid's invitation. In the first nine months of 1956, Morocco exported oranges valued at \$178,000 to the USSR and imported commodities valued at \$11,000. Moreover, Bouabid has previously stated that while he desired to increase Moroccan exports to Czechoslovakia and Communist China, to offset trade deficits, he did not wish to expand trade with the USSR.

The Soviet mission is reported to be offering green tea

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and sugar--both of which are major import items for Morocco--in exchange for oranges, hides and skins, superphosphates, and cobalt and copper ores. Rabat is interested in a new source of sugar in order to break the near-monopoly which French industrialists hold in the Moroccan sugar market. Meanwhile, Radio Africa, an independent station in Tangier, carried an unconfirmed announcement on 18 April that a Moroccan-Soviet trade agreement had been signed the day before "providing for the exchange of the same goods as last year."

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The sultan, expecting the Soviet mission to press for an exchange of diplomatic missions with Rabat, has reportedly instructed Foreign Minister Balafrej not to give the mission an opportunity to maneuver the Moroccan government into the early establishment of diplomatic relations. Balafrej has assured the American ambassador that Rabat, conscious that its national interests lie with the West, will "hold the line" and try to limit the talks strictly to technical matters. He appeared uneasy, however, and acknowledged that the Soviet delegation might come forward with "other propositions."

The Moroccan government, faced with a critical unemployment situation and the prospects of widespread famine later this year, might be receptive to a Soviet offer of economic assistance, particularly if France continues to withhold long-promised credits.

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TRENDS TOWARD INDEPENDENCE IN FRENCH BLACK AFRICA

France's present policy of limited internal autonomy for its extensive Black African holdings was given endorsement by legislative elections on 31 March in 13 of these territories. However, even moderate African nationalists evidently do not regard this as a permanent solution, and French officials believe that present political trends will result in independence for French Africa south of the Sahara within two to seven years.

In Madagascar, the relative electoral success of extreme nationalists may portend early difficulties for any French program short of independence.

Many of the moderate nationalists in other territories are basically sympathetic to demands for an early and drastic revision of the French Union to provide full equality of membership within a federal framework.

One Foreign Ministry specialist has predicted that France would accede to African wishes in case of a conflict over the timetable for independence. Political considerations in Paris, however--particularly the rightward swing of power in the National Assembly--militate against either a grant of early independence or a constitutional

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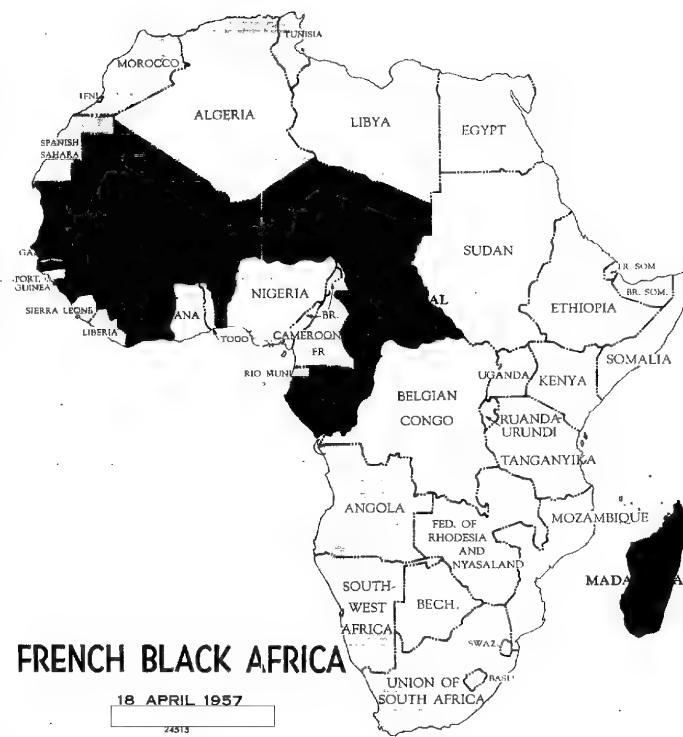
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change creating a new French Union which could make decisions affecting metropolitan France as well as overseas areas.

In any case, the French obviously hope to retain their present economic predominance and are making an effort to reinforce this position through the inclusion of overseas territories in the European Common Market and through extensive economic development under the new "Eurafrica" concept.

Many French officials hope France will profit from its experience in North Africa and avoid getting entangled in a long struggle with the native populations elsewhere on the continent. The continued stalemate in Algeria, however, and the growing deadlock in the National Assembly over North African policy could in turn paralyze French policy toward Black Africa. French officials



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frequently stress that a diplomatic victory for Egypt over Suez would kill parliamentary prospects for approval of any moderate policy a French government might wish to follow in Africa.

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ELECTIONS ON TAIWAN

Elections on Taiwan for city mayors, county magistrates, and provincial assemblymen--the highest-level elections held by the Chinese Nationalist government--will take place on 21 April. Although there are reports of anti-Kuomintang sentiment in the cities, government candidates are unopposed in several areas, and most contests are expected to be dominated by the Kuomintang, as in

the past. Two "captive" opposition parties are running only a few candidates.

Elections on Taiwan are conducted on the assumption that basic issues such as anti-Communism and the return to the mainland have already been decided, and that local elections serve merely as a means by which persons are chosen to help administer these policies.

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Nevertheless, there is considerable interest in the mayoralty election in Taipei, where the Kuomintang is leaving no stone unturned to defeat Mayor Kao Yu-shu, a political independent who upset the government party candidate in 1954. Senior party leaders are reported attempting to gain the support of prominent Taiwanese for the Kuomintang candidate, Huang Chi-jiu.

An official of a minor opposition party has cited the southern city of Kaohsiung as

one in which the Kuomintang would be easily defeated were it not for the votes of military dependents and government employees, which are controlled by the Kuomintang and collected at separate polls. Although the government has to date refused demands for opposition observers at the polls, the presence of foreign observers in Taipei appears likely to make for a relatively free election there.

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PART III

PATTERNS AND PERSPECTIVES

COMMUNIST ACTIVITIES IN CENTRAL AMERICA

The Communists continue active in the Central American republics* despite government repression in varying degrees, in all cases including formal outlawing of the party. They have gained in influence in El Salvador and possibly Honduras in the past six months, while they apparently are holding their own in Guatemala and Costa Rica.

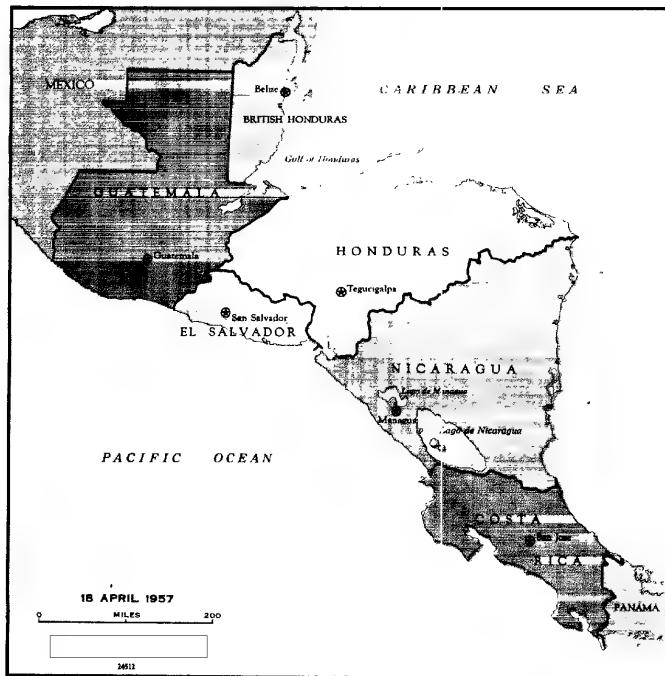
Most Communist activities are in the labor field, and the international Communist labor fronts apparently regard Central America as a promising area for organizing activities at the present time. A Central American labor conference, fi-

nanced by the World Federation of Trade Unions (WFTU), is reported scheduled for Costa Rica this spring or summer.

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This interest in the region by the WFTU and its Latin American affiliate, the Confederation of Latin American Workers (CTAL), follows several years of declining CTAL strength throughout the hemisphere. Central America evidently seems to the Communists a promising area for a campaign to recoup their losses, since the WFTU and the CTAL are not known to be planning a subregional labor conference in any other part of Latin America.

*The Central American republics are Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica.

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The most notable Communist gains in the past six months have occurred in El Salvador. The first national labor union congress was held there last month, and a small group of Communists, by exploiting rivalries between the inexperienced non-Communist leaders, was able to pass a number of pro-Communist resolutions and gain control of a committee charged with drawing up the statutes for what would be the country's only national labor confederation.

This development was made possible, at least in part, by the government's decision last autumn to permit the return of all political exiles and its simultaneous abrogation of an old anti-Communist law. The government thus left itself without adequate legal basis to enforce the constitutional proscription of Communist activities. Many of the returning exiles have had long experience in the Communist parties and labor movements of various Latin American countries, including those of Guatemala during the pro-Communist Arbenz regime. The inexperienced non-Communist labor leaders are no match for them.

The administration of Lt. Colonel José María Lemus is firmly anti-Communist and, unlike its predecessor, is committed to respect for the forms of democratic government. After last month's labor conference, however, the minister of labor told the American embassy the government does not intend to permit the formation of a labor confederation under present circumstances. The embassy believes the present plan to revise Salvadoran legal codes is related to the government's expressed determination to deal with subversive elements, not by simply exiling them as in the

past but by prosecuting them in the courts.

Honduras

In Honduras, the Communists may also have made some gains in recent months. The military junta which seized the government last October quickly released numerous political prisoners, including some Communists. At least seven well-known Communists or pro-Communists have returned from exile. The Communists have succeeded in influencing student and some professional groups and are a continual threat to the country's major labor unions. In general, however, the Honduran Communist Party, with a maximum active membership of 600 and only about 500 sympathizers, is a weak and immature organization. It is dedicated to a policy of non-provocation, realizing that it needs a period of official toleration in order to develop and expand on a solid foundation.

Guatemala

The Guatemalan Labor (Communist) Party (PGT), which may have had as many as 4,000 members at its peak in 1954 when it was the leading member of the coalition backing the Arbenz regime, now is believed to have only 200 to 300 active members and perhaps 2,000 sympathizers. Despite almost three years of government repression, the PGT still has a fairly cohesive underground organization inside Guatemala and maintains regular liaison with top Guatemalan Communists exiled in Mexico. The PGT continues to distribute propaganda in Guatemala and exerts influence among bitterly antigovernment student groups.

The government has permitted some Communists to return from exile in recent months and is attempting to use certain

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Communist labor leaders in its effort to divide the labor movement and bring a segment of it under its control for political purposes. The government-supported Autonomous Union Federation elected four suspected Communists to a committee to prepare May Day celebrations.

Costa Rica

The Popular Vanguard (Communist) Party (PVP) of Costa Rica is the most mature of the Central American Communist parties. It has the closest ties with the world Communist movement, and the weak parties in Panama and Nicaragua depend on it for guidance. At least ten PVP members traveled to the Sino-Soviet bloc in 1956 to attend meetings and indoctrination courses. The PVP-controlled General Confederation of Costa Rican Workers is the only Central American labor organization affiliated with the WFTU and the CTAL.

On the domestic political scene, the PVP, with an active membership of some 200, has very little influence, and open alliance with it would be political suicide for any national political party. However, the bitter campaign now in progress for the February 1958 national elections may tempt either the administration or the opposition to try to bargain covertly for Communist support in the belief that the

Communists could swing several thousand votes.

In the labor field, the Costa Rican Communists are strongest among the United Fruit Company workers on the Pacific coast, where they have recently joined with a non-Communist labor organization to threaten a strike. The government, anxious to avoid major labor disturbances in this election year, may well take strong measures to prevent a strike.

Nicaragua

A Communist Party does not exist as a disciplined organization in Nicaragua, where the strong regime of the late president Anastasio Somoza kept firm control over Communist activities for many years. However, Somoza thought he could use Communists at times for his own political ends and, consequently, there now are a few Communists in government agencies, labor unions, schools, and some professional organizations. An anti-Communist labor leader informed the American embassy last month that he has noted an increase in Communist activity in Managua since the young Somoza succeeded his father last September. There is also evidence of Communist leadership in the present labor disturbances at the Pacific coast port of Corinto.

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CURRENT FRENCH MILITARY PLANNING

French military strength in Europe, already severely diminished by withdrawals for operations in Algeria, is likely to be further weakened by a proposed budgetary retrenchment. Therefore prospects for full restoration of the French con-

tribution to the Western European defense are dwindling; France plans to reduce the number of its NATO-committed divisions at the end of 1957 and may be encouraged by British reorganization moves to modify its own army for atomic warfare.

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Projected Budget Cuts

Recommendations for drastic cuts in the national budget were set forth by Finance Minister Ramadier in February because of the danger of inflation and because France's foreign exchange deficit threatens to get out of control. Defense expenditures have contributed to the current high level of French industrial activity, but have also aggravated France's economic difficulties--particularly with respect to foreign exchange shortages. In 1956 nearly 8 percent of French imports originating outside the franc area represented purchases for military use.

Although the total defense budget represents only 30 percent of the entire national budget, 40 percent of Ramadier's proposed cuts would be in this area. The total 1957 defense budget is comprised of an "ordinary" budget of \$2.86 billion, which was voted at the end of December, and an "exceptional" budget for Algerian and the November 1956 Suez operations, not yet voted, but to be about \$1 billion.

A major fight in the National Assembly may develop after the Easter recess when the exceptional budget is presented and details of the proposed retrenchments become known.

Impact of the Projected Cuts

The proposed cuts in the ordinary defense budget would presumably be allotted proportionately between its "operating" portion, amounting to roughly two thirds of the total, and its "capital" portion. French officials estimated in February that a major reduction in the operating portion of the ordinary budget would require the demobilization of 100,000 men, of which 65,000 would be conscripts released because of a planned reduction of their active service period from 30 to 24 months. Some demobilization will probably take place in Tunisia and Morocco, where the French position is already weakened by recent transfers to the troubled Mauretania area.

Any sizable slash in the capital segment would be even more serious than that in the operating portion. The 1957 capital budget had already been severely criticized by the assembly defense and other committees as inadequate for minimum build-up goals. For example, the annual naval construction "slice" of 30,000 tons, estimated as the absolute minimum for modernization of the French fleet by 1963, is down to 19,000 tons for 1957, over half of which is taken up by a helicopter carrier designed for "national," rather than NATO, requirements. Although the navy proposes to compensate in

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1958 by laying down 49,000 tons, a proposed new aircraft carrier would absorb most of this, leaving little for badly needed supply and landing craft.

Similarly, air force concentration on purchasing light aircraft and helicopters for use in Algeria, at the expense of fighter plane procurement, has already resulted in failure to meet modernization schedules because of reduced production of the latest French interceptor aircraft.

NATO Contributions

During examination of the French reply to the 1956 NATO Annual Review Questionnaire in November, the French representative told the North Atlantic Council that at the end of 1957 France would reduce from 17 to 14 the number of its NATO divisions and from five to four the number of these on an M-day status. Three of these four M-day divisions would presumably be units experimentally reorganized in 1955 with fewer personnel. Although theoretically they possess more firepower and considerably more mobility than the American World War II-type large divisions, which are the pattern for most of France's NATO-committed units, they lack proper equipment and training.

The Algerian rebellion has reduced the effective French army contribution to the NATO "shield" in West Germany to two understrength M-day divisions--one armored and one infantry. These are the only French divisions in Europe which could be combat effective within 30 days. Despite official assurances that most of the 12 NATO-committed divisions now in North Africa could be readily redeployed to Europe, it is estimated that under wartime conditions no more than two could meet SHAPE's 30-day minimum period.

In any event, all divisions in North Africa would require refresher large-unit training before combat utilization in Europe, since they have been broken up for tactical use against guerrillas.

Moreover, the necessity to withdraw NATO-pledged units in order to carry out North African operations has made Paris increasingly skeptical of the wisdom of committing the bulk of its forces to NATO.

The only indication of an ultimate restoration of five French M-day divisions to NATO forces in Germany is seen in a plan for "complete transformation" of the French army announced by the defense minister in February. Few details have been made known thus far, but the plan calls for a total of nine or ten M-day divisions, five of which would be NATO units stationed in Germany and four or five highly mobile, air transportable units in France, either for NATO support or for national requirements outside metropolitan France. The plan hinges on the evolution of the Algerian and financial situations, but was publicized with hints that it would begin this year.

The United Kingdom's decision to proceed with a thorough military reorganization may encourage the French to proceed with their own plans. Parliamentary critics have already called the 1957 budget "inadequate," and the deputies will probably increasingly stress the importance of orienting French defense forces toward nuclear warfare, since they reportedly feel this would ensure greater security at less cost. Since French production of the extra items required by new type units, such as helicopters and jeeps, is insufficient, any move to push reorganization this year would only complicate the problem of restoring the French contribution to NATO defenses.

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PROBLEMS IN THE SOVIET HIGHER EDUCATIONAL SYSTEM

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Moscow State University, the largest and oldest university in the Soviet Union. Like other higher educational institutes in the USSR, MGU is revising its admission requirements and scholastic standards to weave the university system more closely into the economic life of the country. It wants to remove as much as possible all qualities of an "ivory tower" existence, which the regime feels is the root of various present troubles, from evasion of responsibilities to questioning of the Soviet system.

Party officials frequently complain to MGU students that they are too sheltered from life and "honest labor" and thus feel free to criticize the regime's policies and maintain an "aloof, irresponsible attitude toward their obligations as Soviet citizens." In effect Soviet students, with as yet no real stake in the regime, are uncommitted to its aims and goals, though not necessarily in opposition to them. This situation has become increasingly acute as a result of the disappearance of the opportunities for meteoric advancement which existed in the USSR in the 30's and 40's.

Student Body

There are over 18,000 students enrolled at Moscow University, more than half in

science courses. About 1,500 are foreign students, principally from the Satellites.

Moscow University is generally considered the best university in the Soviet Union, and competition for admission is extremely stiff. This competition has increased markedly in the last few years following the rapid extension of ten-year secondary education and the accompanying failure of the regime to convince many secondary school graduates--long conditioned to view a diploma as an automatic guarantee of admission to higher education--that they must resign themselves to going to work.

The present student body at Moscow University represents an elite group, socially, intellectually and politically. Over 90 percent of the students are members of the Communist youth organization, the Komsomol.

While gifted children from poor working class families can and do gain admission, the system favors children of the vast Soviet officialdom and intelligentsia. Soviet spokesmen admit that it is these families that can afford the best primary education for their children, can pay the high fees of professional crammers to ensure good results on the highly factual entrance examinations and can, if these methods fail, use political influence. Moscow University, in short, bears the stamp of a "bourgeois" academic institution.

About a third of the students are housed in fairly commodious quarters in a new dormitory at the university.

A large number of the remaining resident students

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rent bunks in a large student barrack far on the other side of town. This barrack was the scene of one of the first organized demonstrations against the college officials that Moscow University had seen in many years. The students, finally losing patience with the dismal food at the dormitory, put on a week-long and ultimately successful boycott and picket of the mess hall.

Curriculum

The university offers a five-year course of study and generally adheres to the curricula common to all Soviet universities. Students must choose a specialty early in their college career. There are few electives and attendance at classes is compulsory. The scholastic level is impressive, at least in the scientific fields. A student majoring in applied mathematics covers in his first two years the mathematics courses required for a bachelor degree at the Massachusetts Institute of Technology.

In addition to the extremely heavy scholastic load, students are expected to participate in various extracurricular activities, many of which are considered obligatory for Komsomol members. The students are subjected to numerous political lectures and study groups, and various special assignments, such as Sunday work on construction sites or farms in and around Moscow or campaigning during Soviet elections. These activities are extremely time consuming and there is apparently considerable complaining and evasion on the part of the students.

The "spontaneous" student demonstrations before the Israeli, French and British embassies in early November

were apparently such assignments.

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25X1Intellectual Ferment

Events in Hungary and Poland in October and November had a catalytic impact on the Moscow student, who was just then beginning to experiment with the exhilarating new freedom of open discussion and exchange of ideas. Heated discussions developed, which in many cases led students to "heretical" conclusions. Ironically, the students drew on their knowledge of Marxist-Leninist doctrine to frame their questions and sanction their conclusions.

Some students concluded that the party bureaucracy in the USSR had become an exploiting class by its actual, if not formal, control over the labor force, wages and machinery of justice. From this a slogan for action, the "Socialist Revolution Against the Pseudo-Socialist State," gained currency at the university.

The physics department was especially affected, apparently because of the influence of its large number of Polish students. Early in November some of the students held a meeting from which party members were excluded, and passed a resolution demanding the introduction of a second political party in the USSR and the liberation of the university discussion groups from political control.

The regime quickly acted to remove the most serious troublemakers. By the end of November, 200 students had been expelled, officially because of "failure to meet the study plan and poor discipline." Many of the others

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apparently lapsed back into political apathy when the excitement wore off and the weight of official disapproval began to be felt.

Many of the 200 Hungarian students were sent home for an indefinite period at the start of the New Year's vacation and measures were taken to isolate and neutralize other Satellite students, particularly those from Poland. There are unconfirmed reports that students from the Baltic republics were also sent home because of the outbursts of nationalist sentiment there and the fear that they might contaminate other students.

New Policies

Gradually over a period of months an apparently coherent long-range plan has emerged for meeting the broad problem of unorthodox behavior and intellectual questioning among students. Wide-scale repressive measures and direct prohibition of free discussion are avoided. Instead, the regime seems to be banking on its ability to remove the conditions which it feels breed ferment through sweeping changes in the higher educational system and stepped-up, more sophisticated propaganda indoctrination.

Soviet officials have announced that beginning with the next academic year, up to 60 percent of all new university students must have had at least two years' experience in industry or agriculture or served in the armed forces. Various measures are being taken to ensure that these working youths receive preferential treatment in passing the entrance examinations.

After graduating from universities, unless accepted for further studies, students today

must work for at least three years in their specialty at a place assigned by the state. Personal preference is taken into consideration only to a limited extent. Growing dissatisfaction with assignments and a desire of many students to work in large cities have led to a great increase in evasion, and Soviet universities are now threatening to withhold diplomas until after the work assignment has been completed. Furthermore, requirements for graduate study are to be tightened and two years' work experience between college and graduate school required except in certain fields such as mathematics and theoretical physics.

While many of these measures have been under discussion for some time because of the rapid growth of the secondary school system and the changing needs of the economy, the apparent speed and determination with which they are now being introduced is apparently connected with official concern over student unrest. Soviet spokesmen candidly express the hope that these changes will result in the admission of more mature and politically reliable persons who will have a practical and dedicated interest in their chosen specialty and little inclination for theoretical wool-gathering.

The projected measures by themselves do not appear sufficient to handle the potentially dangerous problem of student unrest. Perhaps more than anything else the regime's success depends on its ability to provide the youth, along with an education, a vital stake in the future of the regime--to offer them greater opportunities for satisfying, rewarding work. The recent trend toward decentralization of administrative authority may help to provide these opportunities.

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